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BIWEEKLY REPORT

**SINO-SOVIET BLOC
ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS**

EIC-WGR-1/30

1 April 1957

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

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These biweekly reports on "Sino-Soviet Bloc Economic Activities in Underdeveloped Areas" are prepared and issued by a Working Group of the Economic Intelligence Committee, including representatives of the Departments of State, the Army, the Navy, the Air Force, Commerce, and Agriculture; the International Cooperation Administration; the Office of the Secretary of Defense; and the Central Intelligence Agency. Their purpose is to provide up-to-date factual information on significant developments in the economic relations of Sino-Soviet Bloc countries with underdeveloped countries of the Free World. The EIC-R-14 series of reports, under the same title, provide periodic summaries and analytical interpretations of these developments.

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Summary of Events
15 - 28 March 1957

The most important development in Sino-Soviet Bloc economic activities in underdeveloped countries of the Free World during the period 15 - 28 March 1957 was the signing on 16 March of the much-disputed oil refinery contract between Syria and Czechoslovakia. Additional significant developments included the signing on 15 March of the last of the Yugoslav 1957 trade protocols with the Bloc (except East Germany) and the disclosure of further details relating to the Bloc slowdown in economic aid to Yugoslavia.

Under the Syrian-Czechoslovak refinery agreement, Czechoslovakia will lend Syria \$15.1 million to finance construction of an oil refinery. Although all cabinet members have not yet signed the contract, full approval is expected if the present internal struggle in Syria ends in either a stalemate or a clear victory for the faction headed by Colonel Sarraj.

The Yugoslav 1957 trade protocols with the Bloc, with the exception of Bulgaria and Czechoslovakia, generally provide for slight increases in total trade turnover compared with the 1956 planned levels. Among further details relating to the previously reported Bloc slowdown in economic aid to Yugoslavia, it was disclosed that the USSR sought to delay production of machinery for a fertilizer plant until 1961. It was further reported that neither the \$50-million investment credit nor the \$25-million consumer goods credit granted by Czechoslovakia have yet been utilized.

In South Asia the Afghan government is considering details of a Czechoslovak offer of an arrangement whereby Czechoslovakia would barter trucks for unspecified Afghan products and would extend the Afghans a special loan for the construction of a large motor maintenance shop. Also in Afghanistan the USSR is providing instructors for a 6-month training program in the use of Soviet arms.

In the Far East, Bloc interest in Burmese minerals is evidenced by the arrival in Rangoon of a Polish mining expert to advise the

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Burmese Mineral Resources Development Corporation on the development of zinc deposits.

In the Middle East a mission of engineers and officials of the government oil refinery at Suez was scheduled to leave for Czechoslovakia in mid-March to purchase \$2.87 million worth of spare parts for the refineries and equipment for the bottled gas industry.

In Latin America the demand for small civil aircraft in Argentina has resulted in deliveries from Czechoslovak plane manufacturers which have amounted to about \$440,000 in value during the past year. Polish trade and industry officials have been negotiating to purchase 600,000 metric tons of Venezuelan iron ore, and an initial contract of 60,000 tons has reportedly been signed.

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